



STATE TAXATION

13

4.23.09

HB658

Cost of Circuit Breaker with Projected 40% Participation Rate

The following table shows the cost of a circuit breaker tax credit assuming 40% of eligible households claim the credit. The left side of the table shows the amount of credits that would be paid out of the general fund. The right side of the table shows the costs of the four property tax relief programs in present law, the elderly homeowner-renter credit (2EC), the property tax assistance program (PTAP), the extended property tax assistance program (EPTAP), and the disabled veterans property tax exemption (DAV). These costs are calculated with the tax rates and homestead exemptions in HB 658.

Income Tax Credit Assuming 40% Participation

Cost of 2EC, PTAP, EPTAP, DAV

FY	Income Tax Credit	General Fund	University System	Local Jurisdictions	Total
2010	\$15.519	\$10.665	\$0.085	\$7.548	\$18.298
2011	\$15.698	\$10.735	\$0.094	\$8.754	\$19.583
2012	\$15.826	\$10.735	\$0.098	\$9.459	\$20.292
2013	\$15.748	\$10.700	\$0.098	\$9.746	\$20.544

The second table shows the parameters of the circuit breaker credit. A household is eligible for an income tax credit if their property tax is more than the specified percentage of household income. The first column shows this percentage for taxpayers in general, the second column shows the percentage for households with a member age 62 or over, and the third column shows the percentage for disabled veterans and their surviving spouses.

Credit for Property Tax Over % of Income

Income	General	Age 62+	DAV
\$0 - \$10,500	2.5%	0.0%	0.0%
\$10,501 to \$26,000	5.0%	4.0%	0.0%
\$26,001 to \$39,000	5.0%	5.0%	0.0%
\$39,001 to \$45,000	6.0%	6.0%	1.0%
\$45,001 to \$60,000	7.5%	7.5%	7.5%
Maximum Credit	\$1,000	\$1,000	\$1,500